

RGA Capital Limited

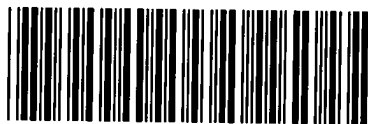
Annual report and financial statements

For the year ended 31 December 2019

Incorporated in the United Kingdom and
registered in England and Wales

Registered number 03095865

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Annual report and financial statements

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Strategic report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019. RGA Capital Limited is a private company limited by shares.

Principal activities and review of the business

The principal activity of RGA Capital Limited, (the "Company") is to provide investment management services to other group companies. Beginning 1 January 2018 the Company entered into investment management agreements with the following group companies: RGA International Reinsurance Company dac, RGA Americas Reinsurance Company Limited, RGA Atlantic Reinsurance Company Limited and Leidsche Verzekering Maatschappij N.V whereby the Company provided investment management services in return for fees from those group companies. Furthermore the Company also entered into a service level agreement with RGA UK Services Limited ("RGAUKS") whereby RGAUKS provided investment services to the Company in return for fees.

In addition, the Company previously acted as a corporate member of Lloyd's and participated in the Lloyd's insurance market through provision of underwriting capacity to the former Lloyd's Syndicate 429 ('Alder Life'), which was managed by Brit Syndicates Limited and which underwrote life insurance business. The Company commenced provision of underwriting capacity with effect from 1 January 1997 and ceased to participate for new business at the end of the 2001 underwriting year. The 2001 underwriting year closed via a reinsurance to close transaction to Syndicate 389, which was also managed by Brit Syndicates Limited, as at 31 December 2003. The Company is no longer an active Lloyd's participant and following the completion of the reinsurance to close transaction the Company has not and will not be undertaking any further activity other than to satisfy the continuing requirements of Lloyd's for an inactive member.

Key performance indicator

The main measurement of performance monitored by management is growth in turnover year over year. The turnover generated during the year was £3.4m (2018: £2.3m). 2018 was the first full year for the Company providing investment management services.

Results for the year

The results for the year are set out on page 10. The result is a profit on ordinary activities after taxation for the year of £81,519 (2018: £67,332).

Principal risks and uncertainties

RGA Capital Limited is no longer an active participant in the Lloyd's market. Its sole remaining Lloyd's market financial risk is potential residual exposure from the reinsurance to close transactions should Syndicate 389 fail.

The Company faces no financial risks beyond trade credit exposure to group companies to which it provides services and it has no doubts that those group companies will be able to discharge their obligations to the Company.

Brexit

Given the withdrawal of the United Kingdom ("UK") from the European Union ("EU") on the 31 January 2020 ("Brexit") and entry into the transition period, the Company has considered the impact on its activities and has assessed there to be a low risk of operational disruption and adverse financial impact.

The Company's principal activity is acting as in-house investment manager for companies within the RGA group. The Company is exempt from regulation as it is able to take advantage of certain exemptions within the EU's Markets in Financial Instruments Directive ("MiFID 2").

The Company has considered the UK exit from the EU affecting this exemption, either in the UK or for cross border service provision. It concluded that in light of the proposed adoption of MiFID regulation into UK law and the fact that the exemptions are otherwise unaffected by Brexit, there is little risk of disruption or material additional cost to the Company's activities.

Strategic report for the year ended 31 December 2019 (continued)

Subsequent event

The financial and operational impact of the novel coronavirus (also referred to as COVID-19) outbreak continues to develop rapidly. The company has strong business continuity plans, which have been invoked to meet the UK Government guidance, to accommodate the operational impacts. We do not believe the company will need to take advantage of any of the support available from the UK Government.

Section 172(1) statement

The directors of the Company continue to have regard to the interest of the Company's stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. The Directors of the Company have acted in accordance with their duties codified in law, in particular their duty to act in a way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Directors of the Company are also directors of its parent company, RGA Holdings Limited, which helps the Company's Managing Director to manage the Group's operation and implement the Group's strategy and in doing so (amongst other matters) took into account:

- a) the likely consequences of any decisions in the long term;
- b) the need to foster the Company's business relationships with fellow group companies;
- c) the impact of the Company's operations on the community and the environment;
- d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly with the shareholder of the Company.

The principal activity of the Company is the provision of investment management services to other group companies. The Director's acknowledge that it is sometimes necessary, for the sustainability of the business as a whole, to reorganise the Company's operational model and enter into agreements with other group companies. The Directors engage with its stakeholders in making those decisions.

The Board also reviews management information on financial and operational performance as well as information covering key risks and regulatory compliance. The Board reviews and approves the company's strategy and any significant changes to the business.

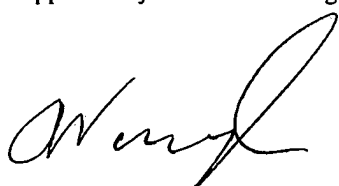
As result of these activities the Board has an overview of engagement with stakeholders, and other relevant factors which enables the Directors to comply with their legal duty under the act.

Strategic report for the year ended 31 December 2019 *(continued)*

Future developments

2018 was the first full year for the Company providing investment management services, which resulted in the Company posting a profit for the first time in recent years. The future growth of the business is dictated by the income generated from the portfolio of investments managed for other group companies.

Approved by the Board and signed on its behalf by:



Simon Wainwright
Director

4 May 2020

Directors' report for the year ended 31 December 2019

The directors present their annual report, together with the financial statements and auditor's report of the Company, for the year ended 31 December 2019.

Review of the business and future developments

The directors have reviewed the business and its future development and have included their review in the Strategic report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

The directors recommend that no dividend be paid in respect of the year to 31 December 2019 (2018: £nil).

Directors and directors' indemnity

The directors and their status, throughout the year and at the date of this report were as follows:

Simon Wainwright	Managing Director
James Galloway	Non-Executive Director
Garth Lane	Non-Executive Director
Peter Banthorpe	Managing Director (appointed 1 January 2020)

The Company provides and maintains third-party indemnity provisions for the benefit of its directors. These were made during the year and remain in force at the date of this report.

Statement of disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

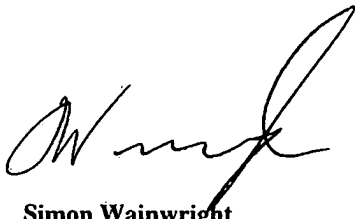
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report for the year ended 31 December 2019 *(continued)*

Auditor

In accordance with sections 487 of the Companies Act 2006, the Company's auditor, Deloitte LLP, will be deemed to be reappointed and therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Simon Wainwright', written in a cursive style.

Simon Wainwright
Director
16th Floor
5 Aldermanbury Square
London EC2V 7HR

4 May 2020

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of RGA Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RGA Capital Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the member of RGA Capital Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the member of RGA Capital Limited *(continued)*

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

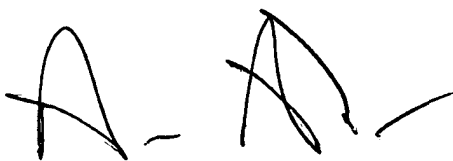
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Addis, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
May 2020

Profit and loss account*For the year ended 31 December 2019*

	<i>Notes</i>	2019 £	2018 £
Turnover		3,381,123	2,268,852
Cost of sales		(3,279,689)	(2,200,786)
Gross profit		101,434	68,066
Investment expenses and charges		(793)	(734)
Profit on ordinary activities before taxation	6	100,641	67,332
Tax charge for the year		(19,122)	-
Profit for the financial year		81,519	67,332

There were no recognised gains or losses in the year other than dealt with in the profit and loss account and therefore a statement of comprehensive income has not been prepared (2018: £nil). The results have all been derived from continuing operations.

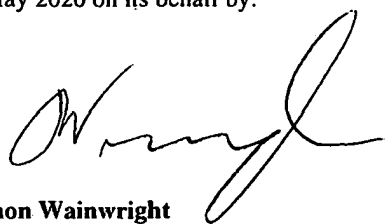
The notes on pages 13 to 17 form part of these financial statements.

Balance sheet*As at 31 December 2019*

	<i>Notes</i>	£	2019 £	£	2018 £
Current assets					
Debtors		299,005		205,227	
Cash at bank and in hand		471,230		381,139	
		<u>770,235</u>		<u>586,366</u>	
Creditors: amounts falling due within one year		(603,465)		(501,115)	
Net current assets			166,770		85,251
Net assets			166,770		85,251
Capital and reserves					
Called up equity share capital	9		255,352		255,352
Share premium account	10		255,350		255,350
Profit and loss account	10		(343,932)		(425,451)
Equity shareholder's funds			166,770		85,251

The notes on pages 13 to 17 form part of these financial statements.

The financial were approved by the board of directors and authorised for issue on 27 April 2020 and were signed on 4 May 2020 on its behalf by:



Simon Wainwright
Director

RGA Capital Limited
Registered number 03095865

Statement of changes in equity

For the year ended 31 December 2019

	Share Capital	Share Premium	Profit and Loss	Shareholder's Funds
	£	£	£	£
Balance as at 1 January 2018	255,352	255,350	(492,783)	17,919
Profit for the financial year	-	-	67,332	67,332
Balance as at 31 December 2018 and 1 January 2019	255,352	255,350	(425,451)	85,251
Profit for the financial year	-	-	81,519	81,519
Balance as at 31 December 2019	255,352	255,350	(343,932)	166,770

The notes on pages 13 to 17 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2019

(forming part of the financial statements)

1 Statutory information

RGA Capital Limited is a Company domiciled in England and Wales, registration number 03095865. The registered office is 16th Floor, 5 Aldermanbury Square, London EC2V 7HR.

2 Summary of significant accounting policies

The following accounting policies have been applied consistently during the current and prior years in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with FRS 102 and with the Companies Act 2006.

The financial statements have been prepared under the historical cost accounting convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following disclosure exemptions:

- a) from the requirement to prepare a statement of cash flows, as provided under paragraph 1.12(b), on the basis that it is a qualifying entity and a wholly-owned subsidiary undertaking of Reinsurance Group of America, Inc. which produces consolidated financial statements that are publicly available;
- b) from the financial instruments disclosures, required under sections 11 and 12;
- c) from the requirement to disclose transactions between related parties, as provided under paragraph 33.1(a) on the basis that the subsidiary which is a party to the transaction is a wholly owned subsidiary; and
- d) from disclosing key management personnel compensation, as required under paragraph 33.7.

Going concern

The financial statements are prepared on the going concern basis and this remains an appropriate assumption in light of the current wider economic and business environment conditions.

The strategic report within the sections 'Principal activities and business review' and 'Principal risks and uncertainties' identify that the Company is no longer an active Lloyd's participant and following the completion of the reinsurance to close transaction the Company has not and will not be undertaking any Lloyd's related activity other than to satisfy the continuing requirements of Lloyd's for an inactive member. The Company has entered into investment management agreement with group entities and has commenced the provision of investment management services. The Company has net assets and expects to be able to meet its obligations for the foreseeable future.

Neither the Company nor any members of the immediate parent group have any borrowings or hybrid forms of capital and thus no exposure to liquidity risk in relation to refinancing.

The global impact of the novel coronavirus (also referred to as COVID-19) outbreak continues to develop rapidly. Although the Company is not currently aware of any material impact on its operations it continues to monitor the situation. The Company derives most of its business from RGA International Reinsurance Company dac whose financial statements has been approved on a going concern basis. The extent to which the Company's future results are affected by the novel coronavirus will largely depend on, among other factors, new information which may emerge concerning its severity and the actions undertaken to contain or treat its symptoms.

Notes to the financial statements (*continued*)

For the year ended 31 December 2019

2 Summary of significant accounting policies (*continued*)

Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

Revenue recognition

Turnover comprises management charges and is recognised as and when services are provided and equates to the Company's right to consideration arising from performance under its investment management agreements.

Investment expenses and other charges

Investment charges reported in the profit and loss account relate to bank charges.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) and calculated by reference to tax rates and laws applicable for the year of account.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when crystallised based upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Financial instruments

The Company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, cash and bank balances and basic financial liabilities including trade and other payables are initially recognised at transaction price.

Such assets and liabilities are subsequently carried at their undiscounted amount.

At the end of each reporting period financial assets and liabilities are measured at the undiscounted amount of the cash or other consideration expected to be received or paid.

Financial assets and liabilities are derecognised when those assets or liabilities are settled.

Share capital

Ordinary shares are classed as equity.

Notes to the financial statements (continued)

For the year ended 31 December 2019

3 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumption that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

a) Critical judgement in applying the entity's accounting policies

The following is the critical judgement that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Valuation of recoverable tax asset

Determining whether the Company should recognise a deferred tax asset requires judgement on the recoverability of such assets. The critical accounting estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year is the valuation of recoverable tax asset. The Company has not recognised cumulative unrelieved tax losses of £312,495 (2018: £345,804) as assets due to uncertainty as to their future recoverability.

b) Critical sources of estimation uncertainty

There were no material sources of estimation uncertainty.

4 Segmental analysis

All transactions were undertaken in maintenance of the Company's status as an investment management services provider and were all undertaken in the UK, therefore no segmental analysis has been prepared.

5 Profit on ordinary activities before taxation

The cost of auditing of the financial statements for 2019 have been borne by a fellow subsidiary, RGA UK Services Limited. In 2019 these costs amounted to £500 (2018: £500). The Company has no employees (2018: none).

Notes to the financial statements (continued)

For the year ended 31 December 2019

6 Taxation**Tax expense included in profit**

	2019	2018
	£	£
Current tax charge	19,122	12,793
Deferred tax credit	-	(12,793)
Tax on profit	19,122	-

Factors affecting tax charge for the current year:

	£	£
Profit before tax	100,641	67,332
Tax at 19% (2018: 19%)	19,122	12,793
Effects of:		
Adjustments in respect of prior years	-	(12,793)
Tax charge for the year	19,122	-

7 Deferred taxation

As of 31 December 2019, the deferred tax asset was £nil due to restrictions on utilising brought forward losses from a different trade. There are cumulative unrelieved tax losses of £345,804 (2018: £345,804) that are not recognised as assets due to uncertainty as to their future recoverability. There is no expiry date for the utilisation of these losses.

8 Remuneration of directors

The emoluments of the directors during the year were £nil (2018: £nil). For the period since the beginning of 2005 the cost of the emoluments of directors common to all members of the RGA Holdings group were carried by other group members. The fair value of the services provided by those directors to the Company is considered immaterial, and therefore no costs have been allocated to the Company.

9 Called up equity share capital

	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	255,352	255,352

Notes to the financial statements (continued)*For the year ended 31 December 2019***10 Reserves**

	Profit and loss account	Share premium account
	£	£
At beginning of year	(425,451)	255,350
Profit for the year	81,519	-
At end of year	<u>(343,932)</u>	<u>255,350</u>

11 Controlling parties

The immediate parent undertaking is RGA Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales located at 16th Floor, 5 Aldermanbury Square, London, EC2V 7HR.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Reinsurance Group of America, Inc., a company incorporated in the United States of America. Their registered office is at 16600 Swingley Ridge Road, Chesterfield, Missouri 63017-1706 USA.

12 Events after the balance sheet date

Since 31 December 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic downturn. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilise economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.